

IN RE: Petition of Budget Phone, Inc. for Designation
 as an Eligible Telecommunications Carrier

) ORDER
) ESTABLISHING
) RULE MAKING AND
) HOLDING BUDGET
) PHONE PETITION IN
) ABEYANCE

However, the Office of Regulatory Staff (ORS) has now filed a Motion to hold the Petition in abeyance, pending a determination as to whether multiple ETCs for one designated area should be permitted and pending adoption of a single set of eligibility standards for ETC designation. ORS notes in its Motion that the Federal Communications Commission (FCC) released its Report and Order in CC Docket 96-45 on March 17, 2005, adopting new and more rigorous minimum requirements for a telecommunications carrier to be designated as an “eligible telecommunications carrier” or “ETC,” and thus eligible to receive federal universal service support. The FCC strongly encourages state

commissions that exercise jurisdiction over ETC designations pursuant to Section 214(e) (2) of the Telecommunications Act of 1996 (the Act) to adopt these new FCC requirements when deciding whether a common carrier should be designated as an ETC. As ORS states, this Commission has not adopted the new FCC recommended standards for ETC designation as contained in the *Universal Service Order*. Indeed, Budget Phone is the first wireline competitive local exchange carrier to seek ETC designation in South Carolina, and is the first company to seek ETC status since the issuance of the FCC's Universal Service Order.

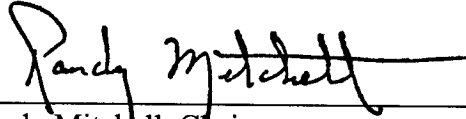
In addition, the Universal Service Administrative Commission (USAC) has requested that certain information be included in future ETC designation orders to facilitate USAC's data validation and administration of high-cost universal service support. The FCC has agreed to include in all future ETC designations orders adopted by the FCC: (1) the name of each incumbent local exchange carrier (ILEC) study area in which an ETC has been designated; (2) a clear statement of whether the ETC has been designated in all or part of each ILEC study area; and (3) a list of all wire centers in which the ETC has been designated, using either the wire center's common name or the Common Language Location Identification (CLLI) code. The FCC has requested that state commissions follow these same procedures in ETC orders that the state commissions adopt. Additionally, in those circumstances where supplemental filings and/or other conditions must be satisfied prior to the ETC designation becoming final, USAC requests that once those conditions have been fulfilled, the FCC or the state commission will notify USAC that the ETC designation is final.

ORS states in its Motion that in order to ensure that state ETC designations are consistent with the public interest and preserve the dual goals of preserving universal service and fostering competition, the South Carolina Public Service Commission should adopt a standard set of guidelines that apply to all wireline ETC applicants for non-rural areas. ORS is concerned that without the establishment of a standard set of guidelines for ETC designation, determinations will be made on a case-by-case basis and may not be competitively neutral. The FCC noted that a “single set of guidelines will encourage states to develop a single, consistent body of eligibility standards to be applied in all cases, regardless of the characteristics of the incumbent carrier.” ORS believes, that as more companies apply for ETC status, the adoption of a single set of guidelines will aid the Commission and ORS in review of this type of application. Accordingly, ORS asserts that we should hold the Petition of Budget Phone in abeyance and initiate a rule making proceeding to determine whether multiple ETCs should be authorized and to develop a single set of eligibility standards for ETC designation.

We agree with ORS that we should examine these matters prior to ruling on Budget Phone’s Petition. Accordingly, we grant the ORS Motion. We hold that a rule making proceeding shall be scheduled to examine the requirements and standards to be used by the Commission when evaluating applications for ETC status and when making annual certification of ETC compliance to the Federal Communications Commission. The Petition of Budget Phone, Inc. for ETC status shall be held in abeyance pending this

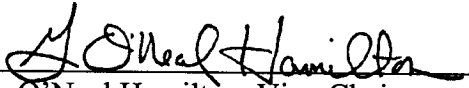
rule making proceeding. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

A handwritten signature in black ink, appearing to read "Randy Mitchell", written over a horizontal line.

Randy Mitchell, Chairman

ATTEST:

A handwritten signature in black ink, appearing to read "G. O'Neal Hamilton", written over a horizontal line.

G. O'Neal Hamilton, Vice-Chairman

(SEAL)